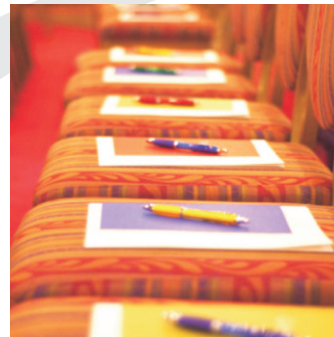
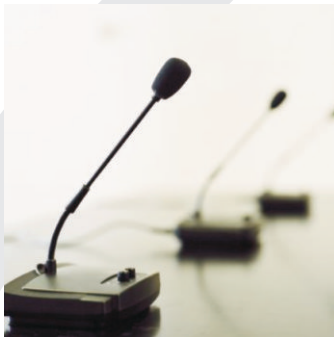




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# Stakeholders' Consultation on Public Procurement Regulatory Regime in Pakistan



Assessment and Strengthening Program  
Rural Support Programmes Network  
ASP-RSPN

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# Acronyms

<b>ADB</b>	Asian Development Bank
<b>AGP</b>	Auditor General of Pakistan
<b>AiD</b>	Associates in Development
<b>ASP</b>	Assessment and Strengthening Program
<b>COP</b>	Chief of Party
<b>DCOP</b>	Deputy Chief of Party
<b>EU</b>	European Union
<b>GFR</b>	General Financial Rules
<b>GOP</b>	Government of Pakistan
<b>GOS</b>	Government of Sindh
<b>IBA</b>	Institute of Business Administration
<b>KCCI</b>	Karachi Chamber of Commerce and Industry
<b>KP</b>	Khyber Pakhtunkhwa
<b>LUMS</b>	Lahore University of Management Sciences
<b>MD</b>	Managing Director
<b>NAB</b>	National Accountability Bureau
<b>NIT</b>	Notice for Inviting Tender
<b>OFM</b>	Office of Financial Management
<b>PFM</b>	Public Financial Management
<b>PIFRA</b>	Project to Improve Financial Reporting and Auditing
<b>PPO</b>	Provincial Program Office
<b>PPP</b>	Public Private Partnership
<b>PPRA</b>	Public Procurement Regulatory Authority
<b>PPRF</b>	Public Procurement Regulatory Framework
<b>PPRO</b>	Public Procurement Regulatory Ordinance
<b>PRS</b>	Purchase Rules of Supplies
<b>RFP</b>	Request for Proposal
<b>SBD</b>	Standard Bidding Document
<b>USAID</b>	United States Agency for International Development

## Reflections



“USAID funded ASP is assisting the Government of Pakistan to improve its core institutions along with harnessing the potential of civil servants to ensure accountability, transparency and good governance in all their operations that require assistance from donors. Cooperation is a learning opportunity for local organizations as well as USAID for better and prosperous Pakistan.”

**Ms. Karen Freeman**  
Deputy Mission Director USAID Pakistan

“We must acknowledge the donor's contribution towards the establishment of PPRAs. USAID appreciates the formulation of a donor's committee to work towards the strengthening of Public Procurement Regulatory Authorities”.

**Ms. Elizabeth Palmer**  
Director Office of Financial Management USAID Pakistan



“Procurement Regulatory Regime is an acknowledged tool of good governance. It is a telling mirror of the level of good governance in a country. Good governance itself revolves around accountability, securing the public interest, rule of law, transparency and public dealing. They are the basic bricks of assessing public institutions and or strengthening them.”

**Mr. Terry N. Woods**  
Procurement Specialist Asian Development Bank









# Executive Summary

Public procurement is a key economic activity of governments that represents a significant percentage of the Gross Domestic Product (GDP) generating huge financial flows, estimated on average at 10-15% of GDP across the world. An effective procurement system plays a strategic role in governance for avoiding mismanagement and waste of public funds. Efficiency of procurement processes is always a primary consideration of a sound procurement regime. Open, transparent and non-discriminatory procurement mechanism is generally considered to be the best tool to achieve 'value for money' as it optimizes the judicious use of resources for achieving development objectives. In contrast, weak governance in public procurement hinders market competition, as it raises the cost of development activities directly impacting public expenditures and therefore taxpayers' resources.

Aligned with ASPs overall goal of institutional strengthening for ensuring accountability, transparency, and effectiveness, the Program organized a one-day consultative workshop, titled "Stakeholders' Consultation on Public Procurement Regulatory Regime in Pakistan". The workshop provided an opportunity to exchange ideas on the subject and discusses options for strengthening procurement systems in the country. Another important objective of the workshop was to bring together all the stakeholders drawn from the federal and provincial government and development partners on one platform to create efficacious partnerships, for the establishment of robust PPRA's at the provincial level. The workshop evolved a consensus through key stakeholder consultation to create a strategy for strengthening the procurement system in the country. The forum agreed on various initiatives including, creation of linkages and collaborative mechanisms for providing support to strengthen the public procurement system at the federal and provincial levels. Other recommendations included establishment of procurement cadre in public sector organizations; continued donor assistance; collaboration with universities for capacity building of officials and the requirement of standardization and harmonization of procurement system in the country.

It was also mutually agreed by all stakeholders to establish a working group, comprising of representatives i.e., federal and provincial governments, development partners and ASP-RSPN for formulation and implementation of an effective "National Procurement Strategy".

Valuable presentations made during the course of the workshop are contained as annexures of the report.

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1. *Integrity in Public Procurement: Good Practice from A-Z: OECD* <http://www.oecd.org/document/>



# The Context

An efficient and robust public procurement system ensures transparency, accountability and value for money. It makes sure that public resources are effectively utilized while achieving development goals. It is considered as an important tool for poverty reduction and aid effectiveness. Weak governance in public procurement hinders market competition as it raises the cost of development activities directly impacting public expenditures and therefore taxpayers' resources. Therefore, all parties in the development architecture need to play their due role in strengthening and promoting this critical tool of good governance.

Public procurement in Pakistan largely reflects the governance systems established by the British in the sub-continent. The system consisted of incongruous laws, rules, and outdated regulations. This resulted in the absence of an effective mechanism against collusion and corruption in the process of government procurements. Furthermore, rules were apt to be manipulated to deter competition, thwart objectivity and transparency. Therefore, public procurement necessitated the sound stewardship of public funds to reduce the risk of corrupt practices and to increase public accountability on the way funds were being managed.

**PPRAs must carry out an impact analysis and develop a database which reflects their effectiveness, performance and future needs.**

**A viable career plan for the employees must be undertaken to encourage their efficiency.**

The Government of Pakistan (GoP) in partnership with development partners' made several attempts at improving the public procurement system of the country. Those efforts resulted in the enactment of the Public Procurement Regulatory Authority Ordinance 2002, which inter-alia provided for the establishment of an independent Public Procurement Regulatory Authority at the federal level. The federal PPRA was established to make recommendations to the federal government on: formulation of new laws; public procurement rules and policies; making of regulations; code of ethics; and procurement procedures. In like manner, the Government of Sindh established the Sindh Public Procurement Regulatory Authority (SPPRA), under the Sindh PPRA Act 2009. Despite the efforts of the GoP and the development partners, the absence of an efficient and viable public procurement regulatory system in other provinces, remains a challenge.

The existing procurement regime in the country is characterized by many shortcomings in terms of international standards with redundancy in policies and procedures and absence of uniform systems. Some specific issues pertain to: lack of essential structural elements in the public procurement system; inadequate institutional and administrative infrastructure; Inadequate human, financial and technological resources; Improper publication of 'Notice for Inviting Tender (NIT)'; Misinterpretation of emergency clauses; ineffective and complicated "Grievance Redressal Mechanism; Problems in the provisions of the 'Standard Bidding Documents'; Missing linkages between 'Project to Improve Financial Reporting and Auditing (PIFRA) and PPRA;

In an attempt to identify "weak-links" in the public procurement process, explore the best ways of improving transparency and accountability; and identify actions to strengthen the public procurement regulatory systems, the Assessment and Strengthening Program organized a workshop titled, "Stakeholders Consultation on Public Procurement Regulatory Regime".

The participants included representatives of federal and provincial governments, federal PPRA, provincial PPRA, Asian Development Bank (ADB), European Union (EU) besides USAID.

**An effective M & E framework is a critical component of the procurement regime.**

This report captures the proceedings of the workshop and highlights the important points from the various presentations and discussions that took place during the day. Genesis of the PPRA in Pakistan; Status and the Road Map of Provincial PPRA; Lessons Learnt; Assistance and Road Map of the Development Partners – these topics were taken up during the workshop. The final section of the report presents a set of recommendations that emerged as a result of the consultative process at the workshop.



## Session 1

# Genesis of PPRAs in Pakistan

*The first session of the workshop “Genesis of PPRAs in Pakistan” was chaired by Ms. Karen Freeman Deputy Mission Director USAID. Mr. Khalid Mehmood Lodhi, Director PPRA (Government of Pakistan) was the main speaker for this session.*

The PPRAs are autonomous bodies endowed with the responsibilities of prescribing regulations and procedures for public procurements by the federal and provincial government owned public sector organizations. The overall purpose of setting up an independent public procurement body was to improve governance, management, transparency, accountability, fair competition, create value for money and quality of public procurement of goods, works and services. In addition, the PPRA are also mandated to monitor application of laws, rules, regulations, and other policies and procedures, issued by the federal and provincial government.

A cursory review of the public procurement regime in Pakistan reveals that prior to the enactment of the PPRA Ordinance 2002, General Financial Rules (GFRs 1947) outlined guidelines for the procurement of goods, services and public expenditures. GFRs were initially issued in 1947 in the form of executive instructions and these were subsequently modified and re-issued in 1951. In all matters related to public procurement, the federal and provincial governments followed the GFRs 1951. Another short lived regime which emerged after the General Financial Rules was the Purchase Rules of Supplies (PRS). The Purchase Rules of Supplies (PRS) included centralized procurement and therefore, the PRS regime soon collapsed, under its own weight.

The 1970's Nationalization Policy in Pakistan resulted in the merger of large public sector organizations. These organizations adopted their own procurement practices rather than following GFR's. The Ministry of Finance issued different Statutory Regulatory Order's (SROs) and subsequently the provincial governments issued their own set of rules and regulations. This resulted in a multiplicity of procurement practices being followed throughout the country. There was no regulation for procurement of services and works, as GFRs mainly governed procurement of goods.

The multiple and outdated procurement regulatory regimes resulted in a number of problems, that led to corruption and mismanagement of public resources. The prevalence of procurement rules, in absence of a procurement law, resulted in: restrictive bidding in contracts; limited options for dispute resolution; non transparent buyers and contractors; absence of record keeping; outdated rate schedules; delayed decision making; mis-use of pre-qualification criteria; defective bid evaluation; lack of effective advertisement in major newspapers; specifications changed after bid evaluation; non advertisement of bid evaluation; and most importantly collusion and corruption.

In response, the Government of Pakistan (GoP) and the World Bank collaboratively organized a conference on

**The absence of a proper Grievance Redressal Mechanism (GRM) resulted in the procurement contracts often getting referred to the High Court and this used to result in cost implications for the procurement authority due to excessive delays**

**Non transparent rules and regulations discouraged the private sector's involvement**

**Advertisements were often placed near to closing dates in newspapers with limited coverage**

**Many government departments placed restrictions on registration of bids.**

“Procurement Management” in 1992. Following this conference the World Bank presented the “Procurement Assessment Report” for the GoP in 2000. The results of the assessment and the aggravated financial situation of the Government ultimately accelerated the establishment of an independent “Public Procurement Regulatory Authority”. Accordingly, the Government promulgated the PPRA Ordinance, 2002. The Public Procurement Rules 2004 were consequently notified.

Under the federal PPRA's capacity building initiative, 157 workshops were organized and over 5000 procurement officials and representatives of other donor organizations were trained on procurement related matters.

To foster a rule-based regime for Public Sector Enterprises (PSE's), the Federal PPRA disseminated a publication titled “Pakistan Procurement Code” and compiled the Statutory Orders (SRO's), procurement and consultancy regulations and other policy guidelines. Furthermore, a team of consultants was hired to study large public sector organizations and based upon their analysis, manuals were developed for these organizations in accordance with the public procurement rules and regulations. These manuals were also shared with the provincial PPRA's.

**The PPRA should constitute a committee with appropriate powers and authority to address the complaints of bidders that may occur prior to entering into a procurement contract. The committee shall investigate a complaint within a specified period.**

The PPRA Ordinance 2002 is the principal legislation governing all matters related to Public Procurement, whereas the PPRA rules constitute subordinate legislation. These rules derive their strength from the substantive legislation. The provincial and the federal governments are financially independent, and are therefore, audited by their respective governments (federal/provincial). The PPRA Rules 2004, issued by the federal government are also applicable to the provincial PPRA's. The Sindh Public Procurement Regulatory Authority (SPPRA) has fully adopted the PPRA Rules 2004, while other provinces are still in the process of incorporating the same.

Owing to the diverse structures of the provincial governments, the PPRA's have been given discretionary authority to make changes to the rules, develop manuals and other procurement related documents, in accordance with their respective framework; and ground realities varying from province to province. Presently, the Sindh PPRA has formulated certain amendments in the PPRA Rules 2004 (for Sindh province).

Some fundamentals of a regulatory regime for procurement emerged during the course of the discussions. A snapshot of the emerging priority points for a sound regulatory process is summed up below:

- Issuance of evaluation criteria of bids prior to the bidding process
- Announcement and dissemination of bid evaluations reports
- Ban on financial negotiations
- Improvement, uniformity and consistency in the application of Procurement Rules, 2004
- Auditor General of Pakistan should conduct procurement audits and not only financial audits
- The Procurement Rules, 2004 need to be revised
- The federal PPRA needs to develop its own Standard Bidding Documents and RFP's
- Development of monitoring system and mechanisms, system and rules for monitoring;
- Standardize and harmonize procurement laws, rules and regulations of the federal and provincial PPRA's.



## Session 2

# Provincial PPRAs, Status and the Road Map

*The second session was chaired by Mr. Iqbal Ahmed Raja, Provincial Director Punjab, ASP-RSPN. The presenters during this session were Mr. Tariq Rasheed PPRA KP, Mr. Hafiz Abdul Majid Additional Secretary Finance Balochistan and Muhammad Arbab Sheikh Sindh PPRA.*

## Sindh PPRA

The Sindh Public Procurement Regulatory Authority (SPPRA) is an autonomous body endowed with the responsibility of prescribing regulations and procedures for public procurements by Sindh Government owned public sector organizations. It is also entrusted with the responsibility of monitoring procurement by public sector organizations and has been delegated the necessary powers under the Sindh Public Procurement Act 2009 and the Sindh Public Procurement Rules 2010.

The SPPRA aims to assess the application of procurement rules and regulations; conducts research and recommends new legislation to the Sindh government; provides assistance to procurement agencies in order to improve their institutional frameworks; and builds the capacities of their personnel.

Prior to the introduction of the Sindh Public Procurement Rules, 2010, the Sindh Public Procurement Regulatory Authority (SPPRA) in collaboration with the European Union (EU) conducted 9 workshops in the Divisional Headquarters on Public Procurement Rules, 2004. 850 officers and other officials of the procuring agencies were trained. In addition, after promulgation of the Sindh Public Procurement Rules, 2010, 26 workshops were conducted in all districts of Sindh and 1200 officers and officials of the procuring agencies were trained.

The Sindh Public Procurement Rules 2010 provided “Rules on Consultancy Services” and “Rules on Public Private Partnership Projects”, which were not covered under the Public Procurement Rules, 2004. Furthermore, SPPRA also introduced an independent “Grievance Redressal Mechanism”; increased response time for “International Competitive Bidding”; provided greater clarity in the “Definition Clauses”; “Blacklisting and Misprocurement Procedure” was elaborated; and provision for “Debriefing of Bidders” was incorporated.

The SPPRA held a number of consultative meetings with various stakeholders and other donor organizations, before introducing the Public Procurement Rules of 2010. The main stakeholders included: Law Department; Irrigation Department; Education Department; Health Department; Works and Services Department; Transparency International – Pakistan; World Bank and the Asian Development Bank.

The SPPRA has consolidated the PPRA Rules 2010 in a booklet form and translated the same in various local languages, including Urdu and Sindhi.



Mr. Muhammad Ishaque Lashari,  
Ex – Managing Director PPRA - Sindh PPRA

The following amendments have been incorporated in the Sindh Public Procurement Rules,

2010: Rule 7 and 8 - Constitution functions and responsibilities of procurement committee elaborated; Rules 31 and 32 - Introduced effective, independent "Grievance Redressal Mechanism"; Rule 18 - Increased response time for "International Competitive Bidding"; Rule 35 - "Blacklisting" procedure elaborated; Rule 36 - "Misprocurement procedure" explained; Rule 41 - Procedure for opening, evaluation and rejection of bids provided; and Rule 51 - Provision for debriefing of bidders added.

**There is a need to provide an adequate degree of transparency (especially in bid evaluation) in the procurement cycle in order to promote fair and equitable treatment for potential suppliers. A bid should not be considered for evaluation if the mandatory requirements are not fulfilled by the bidder.**

In future, the SPPRA aims to:

- Collaborate with educational institutions for sustainable capacity enhancement through introduction of degree/diploma courses in the field of "Public Procurement";
- Establish a procurement cadre in all public sector organizations;
- Develop Standard Operating Procedures (SOP's) for certain departments including Health, Education, IT, Works & Services, and Irrigation and Power;
- Establish linkages between the SPPRA and PIFRA;
- Strengthen the Grievance Redressal Mechanism (GRM);
- Establish a robust Monitoring and Evaluation (M&E) system.

## Khyber-Pakhtunkhwa PPRA

Aligned with the overall framework of the federal PPRA, the KP Provincial Assembly adopted the Procurement Act in 2002. Subsequently, the Procurement Rules on Goods, Works and Services were notified in 2003. However, the Rules on Goods, Works and Services, 2003 did not yield positive results due to lack of effective implementation. Therefore, the Khyber Pakhtunkhwa Public Procurement Regulatory Authority obtained support from other donor organizations. The World Bank (WB) assisted the KP Government and revised the Public Procurement Regulatory Framework (PPRF) in line with international best practice.

The revised PPRF adopted a holistic and comprehensive approach. The main thrust was on institutional development, i.e. the establishment of a provincial PPRA. Other significant components in the PPRF included a two-tier compliant redress mechanism; sustainable procurement trainings for government officials and other officers; and an updated Information Technology (IT) system.

As a result of the revisions made in the PPRF, the Khyber Pakhtunkhwa Procurement Bill 2010 was introduced in the KP Assembly by the Minister of Finance. But due to certain amendments put forward by the treasury bench, the Khyber Pakhtunkhwa Procurement Bill 2010 did not go through. Presently, the bill is awaiting the Provincial Assembly's approval, and is likely to be passed as an Act soon. In accordance with the PPRF, the proposed Khyber Pakhtunkhwa Procurement Bill 2010 contains the Grievance Redressal Rules (GRR); Request for



Proposals (RFP); Standard Bidding Documents (SBD); Khyber Pakhtunkwa Public Procurement Rules; and the three levels of procurement training manuals.

Once approved by the KP Provincial Assembly, the KP procurement bill will trigger the initiation of certain actions, including:

- Establishment of an independent KP Public Procurement Regulatory Authority;
- Development of institutional structures, policies and procedures for the KPPRA which shall include ToR's of the Board, organizational structure i.e. organogram, ToR's of the personnel of KPPRA and detailed appointment, promotion and transfer of rules;
- Review and improve procurement rules, regulations, Standard Bidding Documents and training manuals;
- Preparation of capacity building plans for the training of employees of the provincial government across all departments on the new PPRA rules, regulations and systems;
- Development of a website;
- Extensive capacity building initiatives in place for the PPRA staff, line departments, all other attached departments, and district governments, etc.
- The Government of KP requested the USAID funded ASP-RSPN to provide technical in the establishment of the KPPRA and completion of the above mentioned tasks.



Mr. Tariq Rasheed, Coordinator Management Reform Unit  
PPRA Khyber Pakhtunkhwa

## Balochistan PPRA

In terms of legislation the Government of Balochistan was ahead of other provinces as the Balochistan Provincial Assembly adopted the Balochistan Public Procurement Regulatory Authority Act in 2009. The policy principles of the BPPRA Act 2009 are anchored in four pillars: transparency, good management, prevention of misconduct, and control in order to enhance integrity in public procurement. However, the existing state of affairs are at variance with the provisions of the law. The provincial governments and all other procurement agencies follow the guidelines included in the Balochistan Purchase Manual.

The Government of Balochistan prepared the BPPRA Act in line with the SPPRA Act. However, the composition of the Board was not in line with the principles of independence as the Chair of the Board was an Administrative Secretary. The proposed composition of the board comprises of: Chairperson – Secretary, Finance Department; Members – Secretary S & GAD, Secretary Industries, Secretary Construction & Works, Secretary Planning

**An advisory forum should be established, to harmonize the PPRA's through the development of a uniform procurement strategy. Standardization of existing systems should be a vital component of the procurement strategy.**

& Development, Private Sector (1), MPAs (4); and Secretary – Additional Secretary, Finance Department. The Government of Balochistan felt the need of an independent board for the BPPRA. For this purpose the Finance department has now prepared an amendment in the Act in order to re-constitute the Board. The proposed composition of the Board will have the Law Minister as the Chairperson, Chief Secretary as Vice Chairperson and the following as members: Additional Chief Secretary, Secretary Finance, Secretary Law, Secretary S&GD, Secretary Industries, Secretary Irrigation and Power, Secretary IT, Secretary Construction & Works, two MPAs nominated by Chief Minister, two members from Chamber of Commerce, representative of Transparency International, representative of Auditor General of Pakistan and renowned professionals from management and finance section. Once approved by the Provincial Cabinet the amended Act will be tabled for adoption by the Provincial Assembly.

While awaiting the approval process, the Government of Balochistan and the Assessment and Strengthening Program started working on the initial preparatory phase for the establishment of the Balochistan PPRA.

In this context, ASP-RSPN organized an orientation meeting for the establishment of a PPRA in Balochistan and KPK in order to create linkages with other PPRA's and learn from each other's experiences in the initial stages of establishment. The Government of Balochistan has requested ASP-RSPN for providing technical assistance in the establishment of a robust PPRA. ASP-RSPN and the Government of Balochistan have jointly developed a plan for the establishment of a PPRA. The broader elements of the plan are given as under wherein the ASP-RSPN will provide technical assistance to the Government of Balochistan:

- **BPPRA Organization Structure and Policies:** Development of BPPRA structure, management plan, organogram, appointment, promotion and transfer of rules and ToR's of the BPPRA personnel;
- **Systems Development:** Preparation of PPRA rules, regulations, development of website, development of an M & E system, development of Grievance Redressal Mechanism (GRM), preparation of SBDs and need to provide hardware and software support to the BPPRA; and
- **Capacity Building:** Preparation and implementation of a comprehensive capacity building plan for the staff of BPPRA and personnel of all other departments of the provincial government including attached departments, line departments and district governments.

## 2. THE PPRA'S PUBLIC PROCUREMENT REGULATORY AUTHORITY

Act NO.8 OF 2009.: to provide for the establishment of PPRA's Public Procurement Regulatory Authority.

Preamble-----WHEREAS, it is expedient to provide for the establishment of PPRA's Public Procurement Regulatory Authority for regulating procurement of goods, services and works in the public sector and for matters connected therewith or ancillary there to

## Session 3

# Development Partners and PPRAs

*This session was chaired by Ms. Elizabeth Palmer USAID Pakistan and the presenters during this session were Ms. Uzma Sadaf from World Bank, Mr. Terry N Woods from ADB and Mr. Shiraz Ashraf from USAID Pakistan.*

## Asian Development Bank (ADB)

The Asian Development Bank, in collaboration with the World Bank, has taken the initiative to form a "South Asia Regional Public Procurement Working Group". The first meeting of the working group was held in Kathmandu - Nepal, in 2011. Follow up events take place via video conferencing. The next meeting will be hosted by the Government of Pakistan (GoP) in 2010, in Islamabad. The key procurement issues highlighted by ADB are sustainability and professionalization of procurement.

ADB will conduct a "Country Procurement Assessment" (2012-2013), inclusive of a roadmap and action plan for further procurement reform. Furthermore, the assessment will include: the role and support for PPRAs; KPK and Balochistan PPRAs: Professionalization of Procurement; and networking with other regulatory entities, e.g. PPRAs, Competition Commission of Pakistan (CCP), National Accountability Bureau (NAB), etc.



Mr. Terry. N. Woods,  
Resident Procurement Specialist  
Asian Development Bank (ADB)

## World Bank (WB)



Ms. Uzma Sadaf – World Bank

The World Bank has actively supported the establishment of PPRAs in Pakistan. They assisted in the revision of the rules and regulations for Khyber Pakhtunkhwa PPRA and also assisted Sindh PPRA in the implementation of their proposed reforms. WB's project on "Pakistan – Procurement and Contract Management" Report was published for Sindh PPRA.

In 2000, it published the "Country Assessment Procurement Report". Furthermore, World Bank actively conducted performance assessments of the PPRAs at sectoral level and also facilitated the participation of Sindh PPRA and Punjab PPRA in the "South Asia Regional Public Procurement Working Group", held in Kathmandu, Nepal.

## European Union (EU)

The European Union is in the process of designing a Public Financial Management (PFM) support program covering several areas of PFM reform. One of the identified priorities is proposing a comprehensive re-

assessment of the full procurement framework process cycle with emphasis on enforcement and related aspects. This assessment will be followed by preparation of a roadmap and action plan for further reform containing suitable procurement interventions to be supported by the donor community.

The procurement assessment process is planned to be led by the government, including both federal and provincial levels. It will also include civil society representatives, donor communities and private sector.

## United States Agency for International Development (USAID)

The support and assistance which USAID has been providing over time, has been at two levels. Firstly, USAID is strengthening the institutional capacities of PPRAs and secondly general trainings on 'Public Procurement' are being imparted through ASP.

USAID funded Assessment and Strengthening Program has partnered with the Lahore University of Management Sciences (LUMS), in order to address the capacity building needs of Pakistani institutions. Relevant public procurement trainings have also been included in the ASP-LUMS training curriculum.

Furthermore, ASP-RSPN held several meetings with the federal and provincial PPRAs and identified the weak areas that required assistance. ASP also hosted an orientation meeting on PPRAS for the Balochistan Public Procurement Regulatory Authority and the relevant representatives from the Finance Department.



Mr. Shiraz Ashraf and  
Ms. Elizabeth Palmer – USAID Pakistan

# Recommendations

*The following recommendations were formulated during the “Stakeholders Consultation on Public Procurement Regulatory Regime in Pakistan”:*

**Procurement Cadre:** An effective procurement working group should be set up in all public sector organizations, for monitoring procurement matters.

**Capacity Building\*:** In the light of developments in the regulatory field as well as technological changes, it is essential that a systematic approach to learning and development for procurement officials be employed to build and update their knowledge and skills. The provincial governments should support officials (line department, attached departments, autonomous body's staff) with adequate information sharing through organizing trainings to enable the procurement officials make informed decisions.

The PPRAs should partner with educational institutions for sustainable capacity enhancement through introduction of relevant certifications, or degree courses in the field of 'Public Procurement'. Training plays an important role in helping officials recognize short comings in performing administrative tasks and improving their practices accordingly.

**Donor Harmonization:** The donor community needs to harmonize its efforts in reforming the procurement regime of Pakistan.

**Standard Bidding Documents:** There is a need to develop standardized and harmonized Standard Bidding Document's (SBD's).

**Establishing linkages with PIFRA:** Project to improve Financial Reporting and Auditing (PIFRA) is engaged in improving the accuracy of the Government of Pakistan's financial reports. It also strives to bring the audit practices in line with best international practice. Therefore, in order to improve the effectiveness of Pakistan's PPRAs, linkages should be established with PIFRA.

**Auditor General of Pakistan (AGP):** The management of public funds in procurement should be monitored not only by internal auditors but also by an independent oversight institution, such as the Auditor General of Pakistan (AGP). Fiscal reports should be made publicly available to enable stakeholders, civil society and the wider public to monitor the way public funds are spent.

**Bid Evaluation:** Bid evaluation is one of the core elements of the procurement process and continues to be one of the weakest areas of the PPRAs. There is a need to provide an adequate degree of transparency (especially in bid evaluation) in the procurement cycle in order to promote fair and equitable treatment for potential suppliers. A bid should not be considered for evaluation if the mandatory requirements are not fulfilled by the bidder.

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\* In addition, under Section 5 and 6 of the PPRA Ordinance 2002, PPRA'S are mandated to provide assistance to procuring agencies.

**Structural Development:** For an effective and credible Public Procurement Regulatory Authority the existing gaps in the system need to be identified and the overall framework needs to be aligned with international best practice. Subsequently, a management plan needs to be developed and there must be a mechanism in place through which appointment, promotion and transfer of rules can take place.

**Monitoring and Evaluation Framework:** Perhaps, this is the most sensitive stage in the process, involving risks related to incorrect information, ambiguity in tender documents and other flaws in the bid evaluation process. An effective M & E framework is a critical component of the procurement regime.

**Grievance Redressal Mechanism:** The PPRA should constitute a committee comprising of odd number of persons, with appropriate powers and authorizations, to address the complaints of bidders that may occur prior to entering into a procurement contract. The committee shall investigate a complaint within a specified period. Existing systems with respect to GRM's need to be examined in depth.

**Formulation of a National Procurement Strategy:** An advisory forum should be established, to harmonize the PPRA's through the development of a uniform procurement strategy. Standardization of existing systems should be a vital component of the procurement strategy.

**The Arbitration Act 1940:** Relevant amendments in the Arbitration Act, 1940 must be introduced as it does not presently include specific provisions catering to procurement settlements.

**Misconduct:** The Government of Pakistan should develop clear procedures to define, determine and tackle misconduct, such as an internal complaint desk or a hotline. Particular attention should be paid to ensure that the management of complaints is well documented.

**Public-Private Partnership:** A lot of work has to be done in this area. Issues revolve around identification of mechanisms, legal framework and strategies to conceptualize and implement the same.

The background is a solid blue color. It features several thick, white, curved lines that sweep across the upper half of the image. These lines are of varying lengths and curves, creating a dynamic, abstract pattern. One line starts from the top left and curves towards the center. Another starts from the top right and curves towards the center. A third line starts from the top center and curves towards the right. A fourth line starts from the bottom left and curves towards the right. These lines intersect and overlap, creating a sense of movement and depth.

Annexure





# Annex - I

## List of Participants

### 1. Federal PPRA

#### Federal Level

Mr. Khalid Lodhi	Director PPRA (Federal)
Mr. Haq Nawaz	Joint Secretary, Public Accounts Committee

#### Provincial Level

##### **Khyber Pakhtunkhwa**

Mr. Nadeem Bashir	Additional Secretary Finance KP
Mr. Tariq Rasheed	Coordinator Reform Management Unit, KP
Mr. Waqar Ahmed	Monitoring Office Reform Management Unit, KP

##### **Sindh**

Mr. Muhammad Arbab Sheikh	Procurement Specialist
Mr. Muhammad Ishaque Lashari	Ex. Managing Director, PPRA Sindh

##### **Balochistan**

Mr. Hafiz A. Majid	Additional Secretary Finance Balochistan
Mr. Muhammad Tariq	Section Officer Finance/Focal Person Balochistan PPRA

#### USAID Pakistan

Ms. Karen Freeman	Deputy Mission Director
Ms. Elizabeth Palmer	Director Office of Financial Management
Mr. Shiraz Ashraf	Agreement Officer's Representative
Mr. Nadeem Wali	Financial Analyst
Mr. Imran Baloch	Financial Analyst
Mr. Farooq Ali Cheema	Financial Analyst
Mr. Zee Waqar khan	Acquisition and Assistance Specialist
Mr. Imran Yousaf	Financial Analyst

#### European Union

Ms. Manuela PINHEIRO	Finance and Contracts Rep
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**World Bank**

Ms. Sabah Rashid	Senior Financial Management Specialist
Ms. Uzma Sadaf	Representative

**Asian Development Bank**

Mr. Terry N. Woods	Resident Procurement Specialist (Consultant)
Mr. Naeem Abbas	Representative

**ASP-LUMS**

Mr. Abdul Waheed Khan	Former CGA and Financial Managed Specialist ASP-LUMS
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**National School of Public Policy**

Mr. Naimatullah Abid	Director General (Peshawar)
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**ASP-AiD**

Mr. Azhar Saeed	Chief of Party
Mr. Javed Hassan	Deputy Chief of Party (DCoP)
Mr. Syed Mazhar Hussain Kazmi	Procurement Specialist
Mr. Muhammad Mohsin Khan	Former CGA Financial Development Specialist

**ASP-RSPN**

Mr. Ejaz Rahim	Chief of Party
Mr. Khalid Khan	Deputy chief of Party
Mr. Shahzad Arif	Director MER
Mr. Nazar Rauf Rathore	Director Administration and Contracts
Mr. Muhammad Arif	Director Capacity Building
Mr. Syed Rashid Ali	Director Finance and Compliance
Mr. Ahmad Ali Khattak	Manager MER KP
Mr. Iqbal Ahmad Raja	Provincial Director Punjab ASP- RSPN
Mr. Sheryar Taj	Provincial Director Balochistan
Mr. Ghulam Sarwar Khero	Provincial Director Sindh

# Annex - II

## Conference Agenda

#	Time	Session	Speakers
1.	8:55 – 09:00	Recitation from Holy Quran	
2.	09:00 – 09:10	Welcome note	Mr. Ejaz Rahim (CoP)
3.	09:10 – 09:20	Key Note Address by USAID	Ms. Karen Freeman
4.	09:25 – 09:50	Genesis of PPRA in Pakistan	Mr. Khalid Lodhi, Federal Director PPRA
6.	10:20 – 11:15	Session :Provincial PPRAs– Status and Road Map  1. KP 2. Balochistan 3. Sindh	Chair: Mr. Iqbal Ahmed Raja, Provincial Director Punjab ASP-RSPN  PPRA KP PPRA Balochistan PPRA Sindh
7.	11:15 – 12:00	Session: Lessons learnt and Possible replication in other provinces.	Chair: Mr. Ghulam Sarwar Khero, Provincial Director Sindh, ASP-RSPN
		Case of Sindh	Mr. Muhammad Ishaque Lahari,Ex. MD SPPRA
8.	12:00 -1:00	Session: Discussion	Co - Moderated by Mr. Abdul Waheed Khan, ASP-LUMS & Mr. Mazhar Hussain Kazmi, ASP-AiD
9.	3:00 – 4:00	Session: Development Partners and PPRA-Assistance and road map 1. WB 2. EU 3. ADB 4. USAID	Chair: Ms. Elizabeth Palmer, Director Office of Financial Management USAID  Mr. Shiraz Ashraf, AOTR USAID
10.	4:00 – 4:30	Session: Way forward & Concluding Remarks	Mr. Khalid Khan, DCoP, ASP-RSPN



# Annex - III

## Presentations

### 1. Federal PPRA

#### **Public Procurement Regulatory Framework in Pakistan**

**Khalid Mehmood Lodhi**  
**Director**

**Public Procurement Regulatory Authority - Islamabad**

#### **Format of Presentation**

- Historical Background
- The Previous Regulatory Environment
- Ills of the Present System
- The GOP's Initiative in Procurement Reforms
- Objectives, status, applicability of PP Rules
- Course of Action & Methodology
- Achievements
- Way forward

#### **Historical Background**

- General Financial Rules 1951
- Purchase Rules of Dept of Supplies
- Delegation of Powers to Ministries/Divisions
- Evolution of a large Public Sector in 1973
- Various Circulars issued by Ministry of Finance
- Provincial Government's own Regulations

#### **The Previous Regulatory Regime**

- No Procurement Law
- Multiplicity of Procurement Regulatory regimes
  - General Financial Rules
  - Procedures of the Public Sector Enterprises
  - Procurement Regulations of International lending Agencies
  - No regulations for procurement of Services & Works
- Limited Options for Dispute Resolution
- Arbitration Act 1940
- Civil Courts – time consuming

#### **Ills of old System**

##### **Attributable to Regulations & Procedures**

- Multiple Procurement Regulations – mostly outdated
- Non Transparent Procurement procedures thwart genuine business
- Complicated procedures discourage sound planning, thorough evaluation & due diligence
- Restrictive bidding on contracts
- Low overall efficiency
- In-efficient and corrupt contractors and buyers

#### **Ills of old System**

##### **Attributable to Human Resource**

- Poorly paid and ill trained Procurement staff
- Overall inefficiency, poor management
- Inadequate record keeping
- In – ordinate delays in decision making
- Misuse of prequalification criteria
- Registration makes collusion extremely easy
- Preparation of bid documents by non professionals

**Ills of old System**

- Bid negotiation often leads to kick back negotiation
- Bid negotiations discourage bidders to Quote their best prices
- Out of Date Schedule of Rates
- In efficient dispute resolution mechanism
- No law providing effective protection against collusion & corruption

Most of the Govt. projects had Cost overruns

**Other Shortcomings**

- Defective bid evaluation
  - Advertisement in low circulation papers close to closing date
  - Poor management
  - Restrictive bidding on contracts
  - Vender driven specifications
  - Non advertisement of bid evaluation criteria
  - Change of specifications after bid opening
- All this leads to corruption....

**GOP's Initiative**

- WB Project on "Pakistan – Procurement & Contract Management – Sindh Report
- Conference on Procurement Management 1992
- Country Procurement Assessment Report 2000 by World Bank
- Promulgation of PPRA Ordinance, 2002
- Establishment of Public Procurement Regulatory Authority
- Publication of PPRA Rules 2004

**Reform Initiatives**

- Establishment of Public Procurement Regulatory Authority
- Promulgation of a Procurement Law
- Compilation of Procurement Rules & Practices of all PSE's
- Re – engineering of Procurement Rules of all Public Sector Entities

**Reform Initiatives**

- Establishment of Public Procurement Regulatory Authority
- Promulgation of a Procurement Law
- Compilation of Procurement Rules & Practices of all PSE's
- Re – engineering of Procurement Rules of all Public Sector Entities
- Functions of PPRA
- Make Regulations and Code of Ethics for procurement of Goods Services & Works
- Monitor application of laws, rules, regulations policies & procedures of procurement
- Monitor implementation of practices for improved governance, transparency, accountability and quality of Public Procurement
- Monitoring of performance of Procuring Agencies

**Methodology of PPRA**

- Establishment of a Procurement Portal (<http://www.ppra.org.pk>)
- Wide advertisement of Tender Notices in specified Newspapers
- Advertisement of Bid Evaluation Criteria in Tender Documents
- Generic Specifications
- Capacity Building of Procurement Personnel
- Monitoring Implementation of new Procedures

**Objective of Procurement Reforms**

- Economy (Value for money)
- Efficiency
- Transparency
- Accountability
- Fair Competition
- Good Governance

**Salient Features of Public Procurement Framework**

- Procurement Planning
- Procurement Advertisement
- Qualification/Disqualification of Contractors
- Method of Procurements
- Opening, Evaluation & Rejection of Bids
- Acceptance & Award of Contracts
- Grievance Redressal

**Salient Features of Public Procurement Framework**

- Generic Specifications
- Appropriate time limit for bid preparation
- Bid Evaluation Criteria to be stated in Tender Documents
- Evaluation Report to be made public
- Cost of Tender Documents
- Ban on Financial Negotiations
- Maintenance of Records and Freedom of Information

**Objectives Achieved**

- Transparency, accountability and effective competition ensured
- Uniformity in Public Procurements
- Tenders being widely circulated through web and press to attract wider competition
- Evaluation criteria being declared in advance
- Announcement of Evaluation Reports
- Grievance Redressal

**Way Forward**

- Enact a modern transparent Public Procurement Law
- Compliance of PPRA Rules by all Procuring entities
- Effective monitoring of Rules
- Procurement/performance audits by Auditor General
- Consequences of mis-procurement
- Abolish price negotiations, registration requirements, etc.
- Amend Arbitration Act 1940
- Develop own Standard Bidding Documents & RFP's
- Constitute a 2nd tier grievance redressal mechanism

## 2. Sindh PPRA

### **Sindh Public Procurement Regulatory Authority**

#### **Status and the Road Map**

**Stakeholders' Consultations  
April 19, 2012 Islamabad**

### **Sequence of presentation**

- Introduction
- Composition of SPPRA BOARD
- Functions
- Objective
- Achievements
- Road Map (Future Targets)

### **Introduction**

- Government of Sindh adopted Federal Government Rules in November, 2006 and established the Sindh Public Procurement Regulatory Authority (SPPRA) accordingly
- On 17th April, 2009 the Provincial Assembly approved the bill of the Sindh Public Procurement Act, 2009 establishing SPPRA through an Act of the Assembly
- The new Sindh Public Procurement Rules, 2010 after approval of the Chief Minister have been notified by the SGA&CD vide Notification No. SORI (SGA&CD) 2-30/2010 dated 8th March, 2010 and with same effect the Public Procurement Rules, 2004 stand repealed in the province of Sindh

### **Introduction...**

- The Sindh Public Procurement Rules, 2010 have been translated in Urdu and Sindhi Languages for better understanding and have been printed in booklet form

### **Composition of SPPRA Board**

- Minister for Law, Parliamentary Affairs and Criminal Prosecution Service
- Chief Secretary
- Two members of Provincial Assembly
- Seven ex-officio Administrative Secretaries of various departments
- Five Representatives from various Professional bodies
- Two members from the Civil Society
- Representative of Auditor General Pakistan
- Managing Director SPPRA

### **Functions**

- Examine Evaluate assess the application of laws, rules, regulations, policies and procedures in respect of or relating to, procurement and also make recommendations thereof
- Conduct research and recommend to Government formulation of new laws, rules and policies in respect of or related to public procurement and revisions therein
- Provide and coordinate assistant to procuring agencies for developing and improvement their institutional framework and public procurement activities
- Organize and manage capacity building activities for the personnel of the procuring agencies



### Objective

- SPP Rules 2010 provides methods and procedures for Procurements of Goods, Works and Services, so that Procuring agencies shall ensure that procurements are conducted in a fair and transparent manner in order to obtain the value for money to the agency and procurement process is efficient and economical

### Achievements

- Performance Highlights
- Amendments in SPP Rules 2010
- Capacity building program for SPP Rules
- Monitoring & Evaluation system
- Approved Standard Bidding documents (SBD) and Request for Proposal (RFP)

### Performance Highlights

- Amendments in SPP Rules 2010
- It was found necessary after getting
- Feedback from various procuring agencies
- Point of view through discussion from public sector officials while imparting training to them for individual/ institutional capacity building
- Draft of Proposed Modifications is submitted for approval of Competent Authority

### Capacity Building Programme for SPP Rules

- Training Programme of the capacity building was conducted in collaboration of Europe Union in All Districts of Sindh
- In first phase of trainings, 649 procuring officials at 8 districts were trained
- In second phase of trainings, 813 procuring officials at 14 districts were trained

### Monitoring & Evaluation System

- Stepping towards automation and paper free environment, SPPRA is in process of implementing a computerized monitoring and evaluation system in collaboration with EU
- Electronic processing and filing of Tenders, Bid Evaluation Reports and Contract Evaluation Forms
- This system will also help in tracing the whole tender lifecycle and generate automated alerts

### Approved SBD's & RFP

Following SBD's are notified by authority and are in use by the Procuring Agencies

- SBD for Large Works (Costing above Rs 50 M)
- SBD for Small Works (Costing less than Rs 50 M)
- SBD for V-Small Works (Costing up to Rs 2.5 M)
- RFP for Consultancy Services

**Road Map (Future Goals / Targets)**

- Draft SBD and Regulations/Guide lines are hoisted on website and are under process of approval :-
- SBD for Goods
- SBD for Drugs
- Regulations/Guide lines for works
- Regulations/Guide lines for Goods
- SOPs for specific sectors e.g. Health, Education, I.T, Works & Services and Irrigation & Power

- Road Map (Future Targets) (Cont'd)
- Capacity Building Program for SBD's
- Training Program of the capacity building of SBD's will be conducted either Departmental wise or for all Procuring Agencies at Divisional or District level
- E-procurement
- In first phase Procuring Agencies are required to hoist bidding documents on the website of authority for download

### 3. Khyber Pakhtunkhwa PPRA

#### Establishment and Strengthening of Khyber Pakhtunkhwa Procurement Regulatory Authority

#### Contents

- Introduction
- Existing Status
- Need for New Procurement Rules
- WB assisted Procurement Reforms Khyber Pakhtunkhwa
- Public Procurement Bill 2010
- Required Support from the Development Partners

#### Existing State of Affairs of Procurement Rules

- The NWFP Procurement of Goods, Works, Services and Consultancy Services Ordinance passed on 31st May, 2002
- Based on the Ordinance, NWFP Procurement of Consultancy Services Rules were notified in 2002
- Similarly under the Ordinance, the provincial government notified the procurement rules on 14 January, 2004 called the NWFP Procurement of Goods, Works and Services rules, 2003

#### Need For New Procurement Rules

- Existing NWFP Procurement of Goods, Works and Services Rules 2003 were not yielding results
- With assistance of World Bank, Public Procurement Regulatory framework was undertaken with the following objectives:
  - To bring procurement rules closer to international best practices and local need of the province
- To implement an effective two tier Complaint Redressal Mechanism

#### Continue...

- To establish a provincial procurement authority as the custodian and regulatory body of all procurement related issues
- To introduce sustainable procurement training system for government officers / officials
- Introduce modern methods such as IT, Internet etc in public procurement process to ensure accessibility

#### Procurement Reforms in Khyber Pakhtunkhwa

The following achievements have so far been made

- Khyber Pakhtunkhwa Public Procurement Bill
- Khyber Pakhtunkhwa Public Procurement Rules
- Separate Grievance Redressal Rules (GRRs)
- Standard bidding documents (SBDs)
- Request for proposals (RFPs)
- Three levels of Procurement Training Modules

### **Khyber Pakhtunkhwa Public Procurement Bill 2010**

- The Khyber Pakhtunkhwa Public Procurement of Goods, Works & Services Bill, 2010 has already been introduced in the Khyber Pakhtunkhwa Assembly by honorable Finance Minister in 2010
- However, the Bill has not been debated upon/passed as yet in view of certain amendments proposed by some Honorable members of the Assembly
- Once adopted, PPRA to be established with 90 days from the treasury benches.
- Once adopted, PPRA to be established with 90 days

### **ADDITIONAL DEVELOPMENT**

### **PARTNERS' SUPPORT FOR GOKP**

### **IN THE AREA OF PROCUREMENT**

### **Component 1- Development of PPRA Structure**

- Management Plan
- Organogram
- Appointment, Promotion & Transfer Rules

### **Component 2 - Systems Development**

- PPRA rules and regulations
- Bidding documents
- Website
- Hardware and software
- M&E systems

### **Component 3 – Trainings**

- PPRA staff
- Line departments
- Attached departments
- Autonomous bodies
- Districts

## 4. Balochistan PPRA

### Baluchistan Public Procurement Regulatory Authority

#### Introduction

- Baluchistan Public Procurement Regulatory Authority Act passed in 2009
- The Amendments in the BPPRA Act relating to the Composition of the Board are awaited from the Provincial Cabinet.
- Capacity Building Plan for BPPRA prepared

#### BPPRA Act 2009: Objectives

- Improving governance, management, transparency, accountability & quality of public procurement of goods, services & works in the public sector
- Monitor application of laws, rules, regulations, policies & procedures relating to procurement of goods, services & works
- Submit Recommendations to the Government relating to revision of existing laws & formulation of new laws with respect to public procurement of goods, services & works.

#### BPPRA Act 2009: Management Present Board Composition

##### Chairperson:

- Secretary, Finance Department

##### Members:

- Secretaries: S&GAD, Industries, C&W, P&D, Pvt , Sector (1) & MPAs (4)

##### Secretary:

- Additional Secretary Finance Department

### BALUCHISTAN

### PPRA

### CAPACITY BUILDING PLAN

#### Rationale for Assistance to BPPRA

- Transparency
- Lack of Expertise
- Scarcity of resources
- No Donor Assistance

## 5. Lessons Learnt from SPPRA and Possible Replications in Other Provinces

### LESSONS LEARNT AND POSSIBLE REPLICATION IN OTHER PROVINCES

#### Stakeholder Consultative Workshop on PPRA

Muhammad Ishaque Lashari  
April 19, 2012

### Sequence of Presentation

- Introduction
- Sindh PPRA Initiatives
- Lessons Learnt
- Way Forward

### Introduction

- Authority is governed by a 20 member Board of Directors
  - o Composition of Board
  - o Functions of SPPRA

### SINDH PPRA INITIATIVES

### Procurement of Consulting Services

- Sindh Public Procurement (SPP) Rules, 2010 also provides Rules regarding Consultancy Services and Public Private Partnership projects which were not covered under the Public Procurement Rules, 2004
- Part III of the SPP Rules, 2010 elaborates the different type of consultancies, their procedures and methods of procurement of Consultancy services in detail
- Part IV of the SPP Rules, 2010 describes Procurement Process for Public Private Partnership Projects

### Procurement of Public Private Partnership Projects

- Addition of Part IV in the SPP Rules, 2010 describing procurement process for Public Private Partnership Projects.
- Grievance Redressal Mechanism
- Introduced effective independent Grievance Redressal Mechanism (R-31&32).
- Greater clarity introduced by improvements in the definition clauses
- Constitution, Functions and Responsibilities of a Procurement Committee elaborated (R 7-8)
- Response time for International Competitive Bidding enhanced (R-18)

### Component I: Development of PPRA Structure

- Situational Analysis
- Identification of Gaps
- Best Practices Elsewhere
- Management Plan
- Appointment, Promotion & Transfer Rules

### Component II: Systems Development

- PPRA Rules and Regulations
- Bidding Documents
- PPRA Website
- Development of Software
- Hardware Support
- M&E Systems

### Component III: Trainings

- PPRA Staff
- Line Departments
- Attached Departments
- Autonomous Bodies
- Districts

### Updated Progress

- Orientation meeting on PPRA for Focal persons of Finance Department, Government of Baluchistan held at ASP RSPN Central Office Islamabad
- Provincial Government has shared with ASP Baluchistan Office the support required for the establishment & strengthening of PPRA
- Draft Capacity Building Plan shared with ASP RSPN
- Follow up of the Amendments in the Act is in progress

**Cont...**

- Constitution, Functions and Responsibilities of a Procurement Committee elaborated (R-7&8)
- Response time for International Competitive Bidding enhanced (R-18)
- Blacklisting procedure elaborated (R-35)
- Mis-procurement procedure explained in detail (R-56)
- Procedure for opening, evaluation and rejection of bids provided (R-41)
- Provision for debriefing of bidders added (R-51)

**Capacity Building**

- The Sindh Public Procurement Regulatory Authority organized 9 workshops in Divisional Headquarters on Public Procurement Rules, 2004 from March, 2009 to February, 2010 wherein approximately 850 officers and officials of procuring agencies were trained.
- After promulgation of Sindh Public Procurement (SPP) Rules, 2010 the Authority organized approx. 26 workshops in all districts of the Sindh till February, 2012 and imparted training on SPP Rules, 2010 to approx. 1200 officers/ officials of the procuring agencies.

**Standard Bidding Documents**

- SBDs of Works (Large, Medium and Small) and Consulting Services notified by the Authority

**Methodology**

- A number of consultative meetings held with the major stake holding departments viz Law, Irrigation, Education, Health, Works & Services departments and Local Governments etc. as well as with the Contractors and Pharmaceutical Associations, Transparency International-Pakistan, World Bank and Asian Development Bank
- Authority undertook an extensive exercise of refining the existing rules through holding workshops and consultative conferences with all the stakeholders

**Cont...**

- Draft New Rules prepared and circulated amongst all stakeholders for their feedback.
- Meetings were held under the Chairmanship of the Chief Secretary to iron out and address all observations conveyed by the stakeholders.
- Political bosses including Chief Minister taken into confidence and briefings arranged

**Lessons Learnt**

- Capacity constraints in procuring agencies
- Improper publication of Notice for Inviting Tenders (NIT) affecting time schedule (R-17/18)
- Misuse/Misinterpretation of Emergency Clauses (R-16(b) (viii) &19)
- Avoidance to provide Standard Bidding Documents
- Ineffectiveness of Complaint Redressal Committees
- Inactiveness of Review Panels
- Cumbersome process for declaration of mis-procurement
- Link of SPPRA with PIFRA System missing
- Non preparation of Annual Procurement Plans



### Way Forward

- Addressing capacity constraints of the Procuring Agencies through awareness and capacity building measures (Short term)
- Partnering with educational institutions for sustainable capacity enhancement through introduction of certificate / diploma /degree courses in procurement (Long term)
- Establishment of Procurement Cadre in public sector organizations

### Cont...

- Introduction of Monitoring and Evaluation framework
- Linkage between PPRA and PIFRA to be established.
- MD PPRA be notified as Ex-Officio Member, Enquiries and Anti Corruption Committee-I (ACC-I)
- The provinces where PPRA not yet established may;
  - Issue Ordinance, initiate process for enactment of the law, and adopt federal or SPP Rules 2010

### SPPRA Board of Directors

- Board is chaired by the Hon'ble Minister for Law with Chief Secretary as its vice chairman. Other members are:
- Two members from Provincial Assembly
- Seven ex-officio Administrative Secretaries of various departments
- Five Representatives from various Professional bodies
- Two members from the Civil Society
- Representative of Auditor General of Pakistan
- Managing Director, SPPRA

### Functions of SPPRA

- Examine, evaluate, assess the application of laws, rules, regulations, policies and procedures in respect of or relating to, procurement and also make recommendations thereof
- Conduct research and recommend to Government formulation of new laws, rules, and policies, in respect of or related to public procurement and revisions therein
- Provide and coordinate assistance to procuring agencies for developing and improvement their institutional framework and public procurement activities
- Organize and manage capacity building activities for the personnel of the procuring agencies

## 6. World Bank's support to PPRAs

### **The World Banks Support to Procurement Reform**

**Presenter: Ms. Uzma Sadaf**

- Support to federal PPRA
- Support to KP for revision of Law and rules
- Sindh PPRA has requested support for reforms
- Performance assessment of PPRAs as well as sectors
- TA components in Governance Projects in Sindh and Punjab
- Sindh and Punjab education projects
- Punjab Large Cities and health projects
- Trainings in Investment Lending projects

- South Asia Regional Forum in Kathmandu 2011
- Federal and Sindh PPRAs participated
- Two follow ups have been held on VC (Feb and April 2012)
- Pakistan has been requested to host the 2013 session

- Harmonization Report 2009
- Country Strategy for Procurement through an advisory forum
- Development of long term strategy (4-6 months)

### **Way Forward...**

- All PPRAs to hold a periodic discussion
- Develop a road map for Procurement Strategy
- Donors should harmonize interventions

## 7. European Union's support to PPRAs

### **Public Procurement Regulatory Regime in Pakistan Stakeholders' Consultations**

- The European Union is in the process of designing a PFM support programme covering several areas of PFM reform.
- One of the identified priorities will be procurement reform. For that, the programme is proposing a comprehensive re-assessment of the full procurement framework process cycle with emphasis on enforcement and political economy aspects followed by preparation of a roadmap and action plan for further reform containing suitable procurement interventions to be supported by the donor community
- The PFM programme is under approval phase and should be adopted before the end of the year. If approved, the procurement assessment could take place next year.
- The procurement assessment would be led by the Government and include both Federal Government and Provinces. It should also involve civil society representatives, donor community and private sector.
- For more information: Rafael.SANCHEZ-CARMONA@eeas.europa.eu

## 8. Asian Development Bank's support to PPRA

### Asian Development Bank

**Presenter: Terry N. Woods**

### ADB/PPRA Joint Activities

- South Asia Regional Public Procurement Working Group (Joint WB/ADB initiative)
  - South Asia Regional Public Procurement Forum, Kathmandu, Nepal, April 2011
  - Follow-up events through videoconferencing
  - Next forum, GoP will host, Islamabad, 2013
- National Institute of Procurement (NIP)
- ADB Project Implementation and Administration (PIA) Seminars
- Liaison with Federal, Sindh, and Punjab PPRA's

### Key Procurement Issues

- Sustainability
  - Regulatory Authorities
  - Government Departments
  - Private sector
- Professionalization of Procurement

### Roadmap for Strengthening PPRA's

- Country Procurement Assessment (2012-2013)
- Intervention within proposed EU Public Financial Management project
- Preparation of a roadmap and action plan for further procurement reform
  - Role and support for PPRA's
  - KPK and Baluchistan PPRA's
  - Professionalization of Procurement
- Networking with other regulatory entities, e.g. PPRA's, Competition Commission of Pakistan (CCP), NAB, others

## 9. USAID's support to PPRA's

**Public Procurement Regime  
USAID- Pakistan**

**Presenter: Mr. Shiraz Ashraf**

### **PPRA & USAID**

- USAID uses country systems – PPRA
- USAID strengthens country systems
- USAID has conducted assessments

**Chairman Planning Commission Punjab:  
Secretary Planning & Development  
Department Sindh:**

**“We even have resources..  
What we need is management  
capacity”... “Thanks you for  
doing such a Program”**

### **Two levels of engagement**

- Institutional procedures
- Generalized training

### **Requests received for**

- Assisting PPRA KP
- Assisting PPRA Balochistan

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